

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08

CEA-02 DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /163 W

----- 066650

R 231643Z NOV 73

FM AMEMBASSY BONN

TO USMISSION EC BRUSSELS

USMISSION OECD PARIS

SECSTATE WASHDC 8866

UNCLAS BONN 16901

DEPT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK GRANTS LIQUIDITY SUPPORT IN ORDER TO OFFSET
EFFECTS OF FOREIGN EXCHANGE OUTFLOWS

1. EFFECTIVE NOVEMBER 26, THE BUNDESBANK WILL FOR THE TIME BEING
RESUME ITS OFFER TO PURCHASE BILLS FROM BANKS ABOVE THEIR NORMAL
REDISCOUNT QUOTAS. BILLS WILL BE PURCHASED FOR A PERIOD OF 10
DAYS AND AT AN INTEREST RATE OF 11 PERCENT.

2. ALSO EFFECTIVE NOVEMBER 26, THE BUNDESBANK WILL GRANT SPECIAL
LOMBARD CREDITS TO BANKS AT AN INTEREST RATE OF 13 PERCENT. HOW-
EVER, THE BANK RESERVES THE RIGHT TO CHANGE THE INTEREST RATES OR
DISCONTINUE THIS FACILITY AT ANY TIME. IN CASE OF DISCONTINUATION,
CREDITS GRANTED UNDER THIS SPECIAL FACILITY WOULD BECOME DUE THE
DAY AFTER THE DISCONTINUATION.

3. THE BUNDESBANK STATED THAT IT DECIDED TO GRANT THE SPECIAL
LIQUIDITY SUPPORT IN VIEW OF THE VERY TIGHT CONDITIONS CURRENTLY
PREVAILING ON THE GERMAN MONEY MARKET. (ON NOVEMBER 23 CALL MONEY
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RATES APPROACHED 25 PERCENT.) ACCORDING TO THE BUNDESBANK, THIS

TIGHTNESS IS BASICALLY DUE TO FOREIGN EXCHANGE OUTFLOWS.
HILLENBRAND

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NNN

Message Attributes

Automatic Decaptioning: X
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Draft Date: 23 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
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Film Number: n/a
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30 JUN 2005

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